



# ASRS REPORT

## ARIZONA STATE RETIREMENT SYSTEM

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*February 2009*

This report provides a briefing of news and notices important to our members, retirees and employer partners, as well as other interested parties. It is produced by the ASRS on a periodic basis and posted to the ASRS website. If you would like to receive an email notice when the next issue is posted, and you are not already on our email list, please contact us at [weeklyreport@azasrs.gov](mailto:weeklyreport@azasrs.gov) and provide your name, email address, telephone number and title and organization, if applicable.

## ASRS News

### Bill proposes plan changes that would affect new ASRS members

With the state Legislature into its new session, and much of the focus on budget issues, the ASRS is monitoring one piece of legislation that would affect new ASRS members that is designed to produce long-term benefits to the retirement system.

House Bill 2111 includes a number of prospective changes to the ASRS and, **if passed into law, would affect only members who join the ASRS on or after July 1, 2010.** The major provisions of the bill include:

- ✓ Modification of the Average Monthly Compensation formula used in a retiring member's retirement benefit calculation from the average of the highest 36 months in the last 120 months to the average of the highest 60 months in the last 120 months. The ASRS believes this would produce a more accurate salary and prevent or mitigate "salary spiking."
- ✓ Modification of one of the Normal Retirement date definitions from 80 points (age + years of service) to 85 points. This change would account for the fact that members are living longer, and drawing benefits for a longer period of time.
- ✓ Elimination of the employer contributions for members who leave the ASRS and withdraw their account balance. Currently, members who leave the ASRS and withdraw their account balances are entitled to a portion of, and after 10 years of service the entire amount, of the contributions made on their behalf by their employer.

**Again, should these provisions in this bill become law, they would apply only to new members who join the ASRS on or after July 1, 2010.**

There are a few other provisions in the bill, which in total is expected to save the ASRS fund some \$999 million over time.

The ASRS will continue to monitor the progress of this bill and other legislation during the session. To view complete summaries of proposed legislation that relates to retirement issues, and to track progress of the legislation, please refer to the weekly ASRS BillTracker, which can be viewed on our website

**Furloughs and salary reductions may impact  
retirement benefits down the road**

The Arizona State Retirement System has recently received a number of inquiries related to the effects on retirement benefits that may be caused by furloughs, forced salary reductions and other measures that may be taken by employers during these difficult economic times.

A member's retirement in the **Defined Benefit Plan** is determined by a formula that takes into account the average annual salary calculation, years of service, and a graded multiplier that increases with years of service. Once a benefit is calculated, it provides a lifelong benefit that can never be reduced except for provisions under the retirement option selected at retirement. Factors that make up those components, however, can be affected by furloughs and salary reductions.

For a complete Question and Answer on this subject, please visit the website at [www.azasrs.gov](http://www.azasrs.gov), under "New to the Web."

### **ASRS Annual Report available on the web**

The Arizona State Retirement System has released its Comprehensive Annual Financial Report for the fiscal year 2007-08. The 144-page report provides detailed information on finances, investments, actuarial data and general statistics of the agency.

Outside auditors charged with reviewing the report confirmed that the agency is operating efficiently and up to industry standards, as no findings or recommendations to the ASRS regarding its internal controls, accounting, administrative or operating processes were warranted, they noted.

The report meets the standards and requirements for reporting as set forth by the Government Finance Officers Association of the United States and Canada. ASRS annual reports have received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the past 19 years. This year's report will again be submitted for the GFOA's Certificate of Achievement.

Statistics in the report reflect the year ended June 30, 2008. They show:

- ASRS membership totaled a record 548,857, including 92,673 retirees and survivor beneficiaries who are receiving lifelong monthly benefits.
- The ASRS paid out more than \$1.9 billion in benefits to retirees and beneficiaries.
- The ASRS portfolio totaled more than \$26 billion.
- The rate of return on the ASRS total fund was -7.6 percent, which is below the assumed rate of return of 8 percent.
- The funded status of the ASRS plan stood at 74.7%.

In keeping with the State of Arizona's emphasis on electronic business and cost savings on printing, the annual report is being made available in electronic format.

To view the entire report, please visit the ASRS website at [www.azasrs.gov](http://www.azasrs.gov)

### **Employer News** **We're here to serve you!**

The ASRS Employer Relations Department is pleased to announce the addition of two new Employer Liaisons. Maurah Harrison and Wendy Tobin have joined the Employer Relations team, moving from other positions within the ASRS.

Adhering to constrained budgetary allowances, these internal moves will enable the ASRS Employer Relations Department to better serve our employer partners.

Ms. Harrison previously worked with the Human Resources Department, and Ms. Tobin moves over from the Director's Office, where she worked as a research analyst.

They join Mark Muraoka as Employer Liaisons in a team managed by Michele Briggs.

To reach us, please feel free to contact us by email at: [EmployerRelations@azasrs.gov](mailto:EmployerRelations@azasrs.gov), or individually.

Michele Briggs, Employer Relations Manager  
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Maurah Harrison - (602) 240-2147 [maurahh@azasrs.gov](mailto:maurahh@azasrs.gov)

Mark Muraoka - (602) 240-2093 [markm@azasrs.gov](mailto:markm@azasrs.gov)

Wendy Tobin - (602) 240-2124 [wendyt@azasrs.gov](mailto:wendyt@azasrs.gov)

## **Member News**

### **Educational meetings offered to inform, assist members**

The Member Services Division of the ASRS conducts educational meetings available to all members. Whether you're newly hired and want to learn about the benefits available to you, or you're ready to retire and want assistance filling out your paperwork and making annuity selections, the ASRS has a meeting for you.

#### **Know Your Benefits**

This meeting is especially beneficial to new members. You'll learn about the many benefits of belonging to the Arizona State Retirement System, including a history and overview of the ASRS, how your pension is calculated and how to maximize your future benefit, member responsibilities, disability and survivor benefits, options should you leave ASRS employment, and more. Also covered will be the Service Purchase benefit, through which a member may purchase, under certain circumstances, time they worked under other qualified employer plans.

#### **Getting Ready for Retirement**

This meeting is vital for members who are planning to retire within a year. You'll learn about your pension benefit and how it's calculated, options for retiree health insurance and other benefits, return to work options and more. Members who register for this meeting will receive a personal benefit estimate and assistance in filing out the proper paperwork.

#### **Know Your Insurance**

This meeting has been created to provide information to members about the ASRS health insurance plans and benefits. Members planning to retire soon are encouraged to attend. You'll learn about health insurance options, meet providers, learn about the ASRS Premium Benefit, and how health insurance costs are determined.

*Visit our website and click on the "Calendars" section to see a full listing of meetings taking place in Phoenix, Tucson and throughout the state at various locations. Reservations are required and can be made by calling our Member Advisory Center at (602) 240-2000 in Phoenix, (520) 239-3100 in Tucson, or (800) 621-3778 outside Phoenix and Tucson.*

## **ASRS Board & Committee Meetings**

### **ASRS Board of Trustees**

Friday, March 20, 8:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 10<sup>th</sup> floor Board Room.

**Operations Committee**

Thursday, February 26, 10:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

**External Affairs Committee**

Friday, March 6, 10 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

**Investment Committee**

Monday, March 16, 3:30 p.m. – ASRS Phoenix office, 3300 N. Central Ave., 14<sup>th</sup> floor.

*Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson offices.*